

Committee on Resources, Subcommittee on Water & Power

[water](#) - - Rep. Ken Calvert, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6204 - - (202) 225-8331

Witness Statement

Testimony of
Jim Feider
General Manager
Redding Electric Utility Department

Before the
House Water and Power Subcommittee
Hearing
On
Maximizing Power Generation at Federal Facilities

April 26, 2001
Washington, DC

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to testify on behalf of the City of Redding, California, and the Northern California Power Agency (NCPA).

As Director of the Redding Electric Utility and as an active participant in NCPA=s work with the Western Area Power Administration (Western) and the Bureau of Reclamation (Bureau), I deal extensively with the components of the federal power program. Federal power from the Central Valley Project is a vital component that NCPA=s not-for-profit community members rely on for reliable power at affordable prices.

The value of the Central Valley Project, also known as CVP, lies in three subjects that I will focus on today: Generation, Transmission and Organizational flexibility.

The CVP has been a vital source of generation for NCPA members, including the City of Redding. It was built to optimize the flexibility inherent in hydroelectric generation for ramping up during the peak load hours of the day. However, the actual kilowatt hours produced by the CVP fall far short of being a good match with customer needs especially during dry years. That is why Western has historically purchased so-called firming energy to better utilize the federal system and to best match customer needs. Western=s utilization of its Pacific AC Intertie facilities has been key to the overall success of the federal power program.

Also key to the program has been the resource integration agreement with Pacific Gas and Electric Company (PG&E).

This arrangement was created in 1967 to eliminate the need for the Bureau to build a base-load, thermal generating station. Unfortunately, PG&E is currently attempting to unwind this longstanding contractual obligation to provide cost-based firming energy to Western through 2004. We recommend that the

Subcommittee track this substantial economic threat to the federal power program.

NCPA members have been very active over the last ten years to ensure proper maintenance and upgrades to the CVP generating facilities. We are pleased with recent progress made by the Bureau. For example, advance customer funding to upgrade three generators at Shasta Dam have resulted in increasing Shasta peaking capacity by about 50 MW. Turbine replacements allowing further power production enhancements are underway at Shasta. NCPA believes that turbine replacements at New Melones, Carr and Spring Creek Power Plants also have merit. We ask the Subcommittee to support acceleration of these potential upgrades.

With regard to reoperation of the Trinity River, we do not believe the alternative selected by former Secretary of Interior Babbitt in his December 19, 2000 Record of Decision (ROD) represents a balance of competing resource needs in California. In light of the ongoing energy crisis in California and along with growing concerns over the adequacy of our water supply, we do not support the substantial increase of water releases down the Trinity River. We are astounded that the ROD would be implemented during constant threats of rolling blackouts especially given that the fisheries on the Trinity River have recently improved.

NCPA definitely supports stepping up further fishery improvements such as mechanical work in the Trinity River bed to improve fish habitat, and we may support some additional water flow as we submitted during the public process.

We urge the Subcommittee to support a more balanced decision-making process on any future Trinity decision.

With regard to transmission, NCPA would like to see the federal government build upon the success story of the California Oregon Transmission Project. This 340-mile, 500kV Intertie was completed in 1993 as part of a joint effort between Western and 20 public power utilities. Western=s lead role in this project, where 180 miles of existing federal lines were upgraded, was in large part the reason for its success.

Western has congressional authority to further enhance the Pacific Intertie system and could facilitate completion of Path 15 improvements B the transmission bottleneck between Northern and Southern California. NCPA believes that with an immediate infusion of federal funding that Path 15 restrictions could be fixed in less than two years. The most important critical path item is to complete biological surveys right now during the spring blooming season. We recommend that the Secretary of Energy be requested to reprogram current year funds immediately for this purpose. In addition to supporting Western=s role as lead agency, we would like to see Western proceed with work on the design and land acquisition activities for this project. It is important to note that any federal funding for this effort should be reimbursed back to the federal government through user fees or converted transmission rights as deemed appropriate for the benefit of the federal power program.

Mr. Chairman and subcommittee members, California is in a serious crisis. The federal power system is a vital part of California=s energy picture. Both the Bureau and Western are to be commended for their daily efforts to optimize generation and transmission assets not only in partnership with their customers, like Redding, but also for close coordination with the California Independent System Operator.

As a final point, there is a need for agencies, like the Bureau and Western, to have considerable flexibility in times of crises. Federal agencies, which operate significant real power facilities in real time, need more flexibility to fund and staff their organizations to meet constantly changing circumstances. NCPA recommends that Western and the Bureau be given more authority to adjust staffing levels and alternative

funding mechanisms when supported by those paying the bills. Any increased expenditures would not be borne by the taxpayer, but rather through Western=s customers.

I thank you for the opportunity to testify and would be eager to answer any questions.

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